

A Regional Approach To Job Growth

*A Strategic Economic Action
Plan for the St. Louis Region*

*Office of Congressman Russ Carnahan
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TABLE OF CONTENTS

Executive Summary.....	2
Background on National and Regional Economy.....	4
Small Business.....	8
Transportation and Infrastructure.....	11
Manufacturing.....	14
Health Care.....	16
Science and Innovation.....	19
Clean Energy.....	22
Military and Defense Technology.....	25
Agriculture.....	27
Education.....	29
Housing and Real Estate.....	31
Job Training.....	33

EXECUTIVE SUMMARY: ***A Regional Approach to Job Growth***

We must take a regional approach to job creation, one that capitalizes on our regional strengths, overcomes or improves upon our weaknesses, and leverages government policies that encourage job growth in the private sector.

After all, as a region, our economic fate is fundamentally interconnected. Recessions do not end at state, county or municipal borders; the effect of jobs lost in Fenton is felt at dinner tables in Arnold. Just as importantly, economic growth in one community can have a ripple effect throughout the region; jobs created by high-speed rail projects in southeast Illinois will pump money into the St. Louis economy.

But our goal should not merely be a short-term recovery from the recession – instead, we must aim to build a vibrant, new regional economy that will help the St. Louis area come out of this recession stronger than before.

This document includes an overview of the national and regional economy, evaluating our local assets and liabilities. It is followed by an industry-by-industry analysis of key areas of commerce in the St. Louis region, including a growth plan for each that captures existing efforts underway and identifies opportunities we can explore to support further expansion.

Some of the activities and recommendations included below relate to specific legislation passed or being considered by Congress; some relate to state or local policy; some are not policy-related at all, but are instead activities that are or should be undertaken by private industry, either independently or in partnership with the public sector. Many recommendations come directly from approximately 50 meetings held with business, labor and community leaders, and from responses to a survey that was sent to over 200 businesses and entrepreneurs throughout the region.

Across industries, several common themes emerge about the most important things the government can do right now to help encourage job growth:

- ***Tax cuts for small businesses*** – Small businesses have historically played a key role in leading the country out of past recessions. Tax incentives for employers who hire new works, payroll tax breaks, and ending the capital gains tax for small businesses will help spur job growth.
- ***Access to credit*** – Business leaders, in particular small business leaders, have expressed the challenge of lack of access to credit that would allow them to succeed and expand. We can increase the flow of credit to businesses by:
 - Extending successful measures from the Recovery Act that have helped small businesses access SBA loans.
 - Expanding loans through the export-import bank to help small businesses that are interested in tapping into international trade opportunities.

- Encouraging banks to free up credit by continuing to urge prudent investments that will help small businesses survive and grow, and loosening restrictions on credit unions that prevent them from making loans to small businesses.
- ***Invest in transportation and infrastructure*** – Transportation and infrastructure investments create short-term jobs, putting laborers, engineers, and others to work immediately; and by making critical improvements to our aging infrastructure, these projects build transportation networks that are needed to sustain long-term economic development.
- ***Expand trade opportunities*** – We need to expand international trade agreements and help Missouri businesses connect with new markets around the globe. The Administration's new National Export Initiative is designed to double exports over the next five years, a step that will yield 2 million new jobs nationwide.
- ***Resolve uncertainty around large policy measures*** – Congress is considering several major legislative measures that would make health coverage more affordable for families and businesses, lower energy costs and reduce our reliance on foreign oil, and establish common-sense rules to make sure big banks and financial speculators can't jeopardize our recovery and hurt hard-working families and small businesses. As the debates around these policies have stretched out and bogged down, they have contributed to an environment of uncertainty that is stifling economic growth. It's time to break through the logjam in Washington, and for members of both parties to make a genuine commitment to work across the aisle to settle policy differences and resolve uncertainties that are preventing economic expansion.
- ***Reestablish fiscal restraint and accountability*** – Fiscal responsibility and budget discipline are paramount to long-term economic growth. This month the President signed into law legislation, cosponsored by Congressman Carnahan, that restores a fiscal policy that helped turn deficits into massive surpluses during the 1990s. 'Pay-As-You-Go,' which was allowed to expire in 2002, requires all new policies that reduce revenue or expand spending to be fully paid for over five and ten years.

This list is not intended to be comprehensive; there are countless opportunities not mentioned here that we can and should explore – as individuals and organizations. Nor should this be considered a checklist of steps necessary for economic revitalization. Instead, this is a living document that can help us target our efforts to have the greatest possible impact on moving the region in the right direction.

Background: A snapshot of the National and Regional Economy

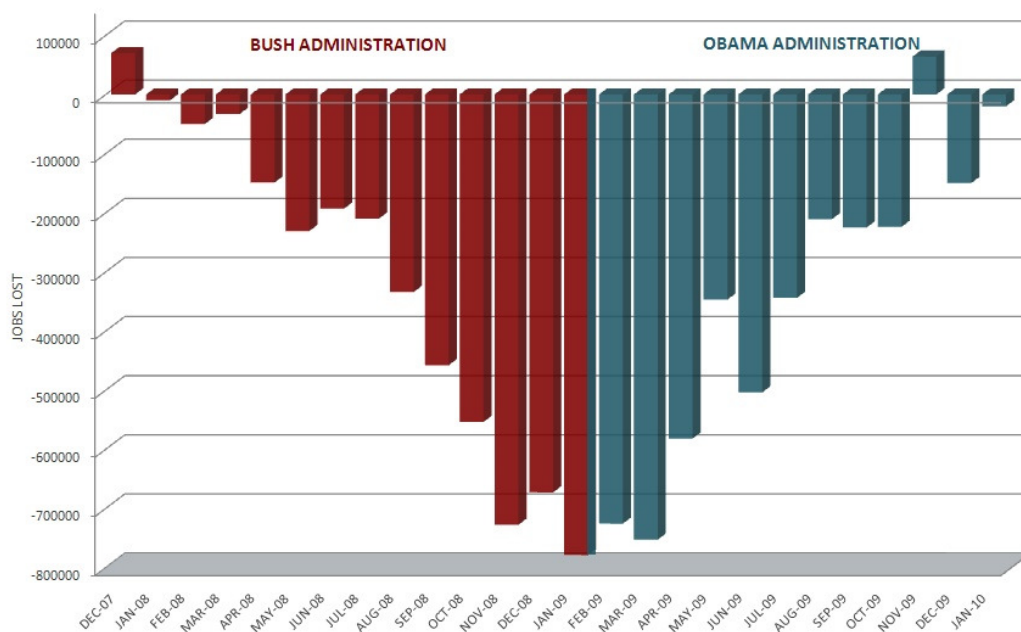
We are emerging from the worst economic crisis since the Great Depression. According to the National Bureau of Economic Research, the recession began in December 2007. In the two years following this moment, the U.S. economy has been defined by a decline in Gross Domestic Product (GDP), significant job loss, a drop in consumer spending, and widespread foreclosures and bankruptcies.

In the second half of last year, however, the U.S. economy began to show signs of renewal. Economic output began to grow as early as the third quarter of 2009, and the GDP jumped a surprising 5.7% in the fourth quarter. Retail sales began trending upward at the end of the year, and most economists predict continued upward growth in consumer spending.

Despite an increasing number of positive economic indicators, most economists expect job growth will lag behind the recovery and predict high unemployment well into 2010. The non-partisan Congressional Budget Office (CBO) projects that national unemployment levels will remain at or near 10% through the remainder of the year.¹

Regardless, job loss numbers are beginning to trend in the right direction. While the number of Americans out of work is still unacceptably high, the rate of job loss has slowed dramatically – for the last quarter of 2009, job losses were one-tenth of what they were in the first quarter. And unemployment dropped slightly in January 2010 to its current rate of 9.7%.

AMERICA IS ON A PATH TO ECONOMIC RECOVERY



OFFICE OF THE SPEAKER

SOURCE: BUREAU OF LABOR STATISTICS, 2/5/10

¹ Congressional Budget Office, "The Budget and Economic Outlook: An Update," August 2009. <http://www.cbo.gov/ftpdocs/105xx/doc10521/08-25-BudgetUpdate.pdf>

Many economic experts argue that concrete steps can be taken by the federal government to help support economic growth. This is important because during past periods of recession, strong economic growth is the most important factor for reducing unemployment. However, because the unemployment rate is so high, most experts predict it will take a significant amount of time for the unemployment rate to return to a reasonable level.²

The St. Louis Region: An Analysis of our Local Economic Position

In Missouri, unemployment has closely tracked the national rate, and stands at 9.6% as of December 2009. But employment only tells part of the story. The greater St. Louis region has many unique assets and challenges that we must take into account.

Regional Assets

The St. Louis region possesses strengths that we can – and should – capitalize upon as we work to lure new businesses to the area and to create new economic development opportunities:

- **World-Class Higher Education** – Our region is home to dozens of high-quality colleges and universities. Among them: Washington University – named third-best research medical school in the country and the 12th best university overall; St. Louis University – ranked among the top 100 colleges nationwide and home to the number one health law program in the nation for the fifth consecutive year; Webster University - Ranked 33rd among Best Universities, Midwest Master's Category; and the University of Missouri-St. Louis – with the 16th best international business program in the country.³
- **Concentration in High-Growth Industries** – St. Louis is recognized as a leading center for several of the fastest-growing industries in the world, including health care and the plant and medical life sciences.
- **Highly Educated, Diverse Workforce** – The education level in St. Louis is higher than the national average.⁴ St. Louis's workforce includes strengths in several key industries, including manufacturing, health care and the life and plant sciences.
- **Location** – Located in the center of our country and along the Mississippi River, St. Louis is well situated for corporations that need to produce and distribute goods and services efficiently throughout the country.
- **Affordable Housing** – *Forbes* magazine named St. Louis as the 3rd best city in the country to buy a home, calling it “a great place to settle.” The rankings were based on locations where buying costs less than renting and tax incentives are attractive.⁵
- **Cost of Living** – With everyday needs such as fuel, food and services less expensive than the national average, St. Louis was ranked the 4th Most Affordable Place to Live Well by *Forbes* magazine.⁶
- **Quality of Life** – In addition to being home to the greatest sports fans in America, the St. Louis region boasts major attractions and institutions like the world-renowned

² Congressional Research Service, “Unemployment: Issues and Policies”, January 4, 2010.

³ *U.S. News and World Report* Best College Rankings, 2009.

⁴ “American Community Survey 2007”, U.S. Census Bureau, 2008.

⁵ *Forbes Magazine*, July 2008.

⁶ *Forbes Magazine*, November 2007.

St. Louis Zoo, St. Louis Symphony, the St. Louis Art Museum, and the Missouri Botanical Gardens. St. Louis has been listed as one of the best places to raise a family, one of the best places for young professionals, and one the best cities for singles in the nation.⁷

- **Business-Friendly Atmosphere** – St. Louis was ranked among the best metropolitan areas in the country for business opportunities⁸ and has been identified as one of the best cities for young professionals because of the high share of big and small businesses headquartered in St. Louis, the number of graduate students attracted to the region, the never-married population and the salary to cost of living ratio.⁹
- **Transportation** – The St. Louis Metropolitan Region is a hub of multiple different modes of transportation, including four major Interstate highways, passenger and freight rail, air traffic, and barge traffic, allowing for efficient flow of goods and people in and out of the region.
- **Leader in Aviation and Defense Technology** – With Boeing celebrating 70 years in St. Louis last summer, the St. Louis region is a leader in aviation and advanced defense technology and manufacturing.

Regional Challenges

The St. Louis Metropolitan Region must confront some unique challenges as it designs economic development strategies.

- **“Brain Drain”** – St. Louis has been ranked one of the best places for young professionals, but many people leave the region after graduating from college. According to the 2000 U.S. Census, St. Louis had a 15.1 percent drop in the number of people aged 20-34 from 1990 to 2000. Cities like Atlanta, Austin, Charlotte, Portland and Seattle had double digit increases in the same timeframe.¹⁰
- **Loss of major regional employers** – St. Louis has recently seen the closure or sale of several major corporations, including the Fenton Chrysler facility, the Anheuser-Busch brewery, and the May Company, resulting in thousands of lost jobs.
- **Lack of population growth** – Although the St. Louis region is no longer losing population as in prior decades, we have experienced slower than average population growth since 2000, hurting our ability to attract and retain business and creating a disadvantage in funding that is allocated according to population formulas.¹¹
- **Weak Small Business Growth** – St. Louis University economist Jack Strauss estimates that the number of small business jobs in the St. Louis area shrank by .6 percent between 2001 and 2009. During the same eight-year period nationwide, small businesses added 7.3 percent to their rolls.¹²

⁷ <http://www.stlrcga.org/x629.xml>

⁸ *Expansion Magazine*, “5-Star Business Opportunity Metro,” 2007, www.stlrcga.org

⁹ *Forbes Magazine*, July 2008

¹⁰ Focus St. Louis, “Preparing St. Louis for Leadership in the 21st Century Economy,” July 2002.

¹¹ East West Gateway Council of Governments, “Where We Stand,” June 2008, <http://www.ewgateway.org/pdffiles/newsletters/gtrends/WWSUpdate-2008.pdf>.

¹² *St. Louis Post-Dispatch*, October 30, 2009, <http://www.stltoday.com/blogzone/mound-city-money/st-louis-economy/2009/10/more-evidence-of-st-louis-small-business-shortcomings/>

- **K-12 Education** – The St. Louis region offers many excellent choices for public and private schools. But the problems facing the St. Louis City public school system continue to be a barrier to attracting new businesses to the region.

SMALL BUSINESS

Just as small businesses typically experience greater job losses than larger businesses during a recession, they are often a leader in job creation during economic recoveries. Small businesses drive innovation in the United States, and they are the engines of our economy.

On the federal level, we can take steps to provide small businesses with the resources they need to succeed, as well as incentives to help them grow.

Efforts Underway

▪ *Recovery Act*

- Increased access to credit -- The Recovery Act included key provisions designed to help more small businesses access loans through the Small Business Administration (SBA), and better meet the needs of small businesses during a time of tight credit. These changes have resulted in an increase of approximately 75-80% in weekly SBA loan volume:
 - *Eliminated fees* - The Recovery Act temporarily eliminated many of the borrower and lender fees associated with SBA loans designed for start-up and existing businesses.
 - *Raised guarantee limits* - The SBA makes credit available to small businesses primarily by guaranteeing loans from private banks when they would not otherwise make the loan. The Recovery Act raised the guaranteed portion from 75% (on loans over \$150,000) and 85% (on loans under \$150,000) to 90%.
 - *Increased available funds* - \$730 billion in SBA funding has allowed more small businesses to access loans. \$375 million was allocated to traditional SBA loan guarantees. Even with these additional funds, the SBA has been unable to guarantee hundreds of millions of loans for interested small businesses. Another \$255 million was allocated for loans of \$35,000 or less to new small businesses in the America's Recovery Capital (ARC) Loan program
- ***Supporting small business making strides in technological innovation*** – By providing \$125 million for Manufacturing Extension Partnerships, we are helping small and medium-sized manufacturers with cutting-edge technologies and product innovation to help them thrive in the global economy.

Opportunities and Action Items

▪ *Tax cuts for small businesses*

Tax cuts targeted to small businesses can help encourage job growth by freeing up money to hire additional employees.

- Incentives for hiring – Offering a tax break to employers who hire new workers will help encourage job growth and cut taxes for an estimated 1 million small

businesses nationwide. One way to structure this incentive is to allow firms to temporarily not pay payroll taxes on new hires.

- Cutting the capital gains tax - Ending capital gains taxes for small businesses will help them increase investments in equipment and other capital expenditures, pumping money into the economy.

▪ **Free up credit**

Business leaders have expressed the challenge of lack of access to credit. In particular, small businesses cannot access the credit to succeed and expand.

- Encourage banks to free up credit by continuing to urge prudent investments that will help small businesses survive and grow.
- Loosen restrictions on credit unions that prevent them from making loans to small businesses.
- Extend successful measures from the Recovery Act that have helped small businesses access SBA loans.
- Expand loans through the export-import bank to help small businesses that are interested in tapping into international trade opportunities.

▪ **Expand trade opportunities for small businesses**

The Administration's new National Export Initiative is designed to help small businesses tap into international markets. The initiative has three primary components:

- Education – Aggressive outreach to U.S. companies about opportunities to expand abroad and directly connecting companies with new customers;
- Credit – Open up new loans through the export-import bank for those small and medium-sized businesses that want to export;
- Enforcement – U.S. consumers and businesses are being hurt by a “race to the bottom” among foreign imports, with lowering standards resulting in unsafe or toxic products flooding the market, and unfair labor practices taking an enormous human and economic toll. We must rigorously enforce international trade laws to level the playing field and help remove barriers that prevent U.S. companies from getting free and fair access to foreign markets, and enforce Intellectual Property rules to protect American entrepreneurs.

"Often the biggest challenge, particularly for smaller and mid-sized companies, is finding an effective way to connect with potential customers outside of the United States."

*Scott Davis
UPS Chief Executive*

▪ **Encourage a culture of entrepreneurship**

We can support small business incubators like the St. Louis Enterprise Centers, the Center for Emerging Technology and Innoventor as they help entrepreneurs throughout the region get their businesses off the ground.

- Remove Economic Development Administration (EDA) restrictions to allow them the flexibility to provide operational support to incubators and give the EDA authority to provide non-debt capital to small businesses in the form of proof of concept funds.
- Use outreach to help connect small businesses with incubators. Aggressive outreach and education can help entrepreneurs who may be unaware of the resources available to help small businesses.
- ***Help small businesses find affordable health coverage***
Nearly one-third of the uninsured – 13 million people – are employees of firms with less than 100 workers.¹³ And health care is considered one of the most significant obstacles to starting a small business.

"We have got to figure out how to get an affordable [insurance] package to people who would be entrepreneurs. The chances of a more robust recovery at the hands of entrepreneurs would decidedly be higher."

*Carl Schramm
 President and Chief Executive
 Ewing Marion Kauffman Foundation
 (a pro-entrepreneurship organization in Kansas City, MO)*

- Pass health insurance reform that would allow small businesses and their employees to access affordable coverage. Both the House and Senate bills would increase competition and give small businesses access to larger pools, which would help lower costs.

- The bipartisan SHOP Act, a bill which

Congressman Carnahan is an original cosponsor, would help small businesses pool together to purchase affordable coverage for their employees. The bill has broad bipartisan support in the House and the Senate, and is supported by numbers business and labor groups, including the National Federation of Independent Businesses.

¹³ Current Population Survey, March 2008.

TRANSPORTATION AND INFRASTRUCTURE

As a member of the House Committee on Transportation and Infrastructure, Congressman Carnahan understands the relationship between strong infrastructure and a strong economy.

But our nation's infrastructure is in trouble:

- Congestion costs us \$78 billion a year, hurting business and damaging the environment;
- Almost 61,000 miles (37 percent) of all lane miles on the National Highway System (NHS) are in poor or fair condition;
- Over 152,000 bridges – one of every four bridges in the United States – are structurally deficient or functionally obsolete; and
- More than 32,500 public transit buses and vans have exceeded their useful life.¹⁴

Efforts Underway

▪ Recovery Act

The Recovery Act is putting Americans back to work by making much-needed improvements to our nation's infrastructure and transportation systems. The Recovery Act has already resulted in nearly 7,900 highway and transit projects breaking ground, and can be credited with the creation of 630,000 direct or indirect jobs in the transportation sector.¹⁵ Some examples of projects in the St. Louis region:

- I-55 Expansion, Jefferson County – This stretch of Interstate 55 in Jefferson County has a high crash rate due to congestion, lane reduction and poor interchange design. MoDOT will expand the highway to three lanes in each direction and make much needed improvements to the Route M interchange. Construction will begin in March 2010 and is expected to create 552 direct and indirect jobs.
- High-Speed Rail – Unlike other major industrialized nations, the United States has almost no high-speed passenger rail service, even though it is widely recognized that high-speed rail can significantly reduce congestion on our highways and in the air, decrease our dependence on foreign oil, and reduce greenhouse gas emissions.

The combined economic impact of a new high-speed rail line between St. Louis and Chicago, and much-needed improvements that will dramatically improve on-time performance between St. Louis and Kansas City, will have a major economic impact on the St. Louis region. The rail project will help connect Missouri's two largest economic engines with the rest of the Midwest, *and will create and estimated 57,000 permanent jobs for a 6-state region.*¹⁶

¹⁴ U.S. House Transportation and Infrastructure Committee

¹⁵ U.S. House Transportation and Infrastructure Committee, December 10, 2009.

<http://transportation.house.gov/News/PRArticle.aspx?NewsID=1079>

¹⁶ "The Right Track: Building a 21st Century High-Speed Rail System for America," MOPIRG, February 9, 2010.

- **South Grand Great Streets Initiative** – By improving pedestrian safety, maintaining traffic flow and enhancing the appearance of the South Grand corridor through better signage and lighting, this project will create a more livable community by fostering walkability, and will help support short and long-term economic development for a critical South St. Louis neighborhood and business district. Construction is expected to begin in 2010.
- **Operating Budget flexibility for Recovery Act funds** – Language championed by Congressman Carnahan secured the ability for Metro to use Recovery Act transit funds for operating costs so that critical service is not cut when there is a budgetary shortfall at the local level. As a result of this flexibility Metro has been able to restore one-third of previously cut service, 250 Metrolink operators, machinists, and support staff have returned to work, and additional workers who rely on public transit to get to their jobs were able to maintain employment.
- **Lemay Access Road** – In November, Congressman Carnahan helped cut the ribbon to open River City Casino Boulevard. The road, which required an Act of Congress to be built, is part of a regional economic development strategy that will create approximately 4,000 new jobs for the region, including 3,000 for the construction and staffing of the new River City Casino and nearly 1,000 additional jobs at other area businesses. The project creates a new business and recreational magnet, and is expected to generate millions of tourism and economic development dollars for the area.
- **Build America Bonds** – A new financing tool for state and local governments that provides a much-needed funding mechanism for state and local governments at lower borrowing costs, enabling them to pursue necessary projects such as work on public buildings, courthouses, schools, roads, public safety facilities, water and sewer projects and public utilities.
- **New Mississippi River Bridge** – Construction on the new bridge connecting southeastern Illinois with St. Louis is scheduled to begin early this year. An example of the importance of regional partnerships, construction of the new bridge will mean 300 new jobs, and will yield long-term benefits for regional commerce and economic development.



Opportunities and Action Items

- **Pass a Jobs Bill**
The Jobs for Main Street Act passed by the House in December builds on the Recovery Act by including \$30 billion for transportation and infrastructure investment to help create and sustain family-wage construction jobs and rebuild our nation's aging infrastructure. The Senate has begun work on companion legislation.
- **Operating budget fix** – The bill approved by the House included a key provision championed by Congressman Carnahan that would remove some restrictions

- associated with federal transit funding, allowing local transit authorities to use federal dollars for operating expenses – including hiring and retaining workers. A similar measure last year helped Metro to restore one-third of previously cut service, bringing 250 Metrolink operators, machinists, and support staff back to work, and helping additional workers who rely on public transit to get to their jobs.
- ***Invest in Mass Transit*** - *The existence of a permanent mass transit system has proven to be one of the best tools for economic development. It allows developers to build without the possibility of routes changing in the near future. According to Citizens for Modern Transit:*
 - People use public transit to get to jobs. Prior to the March 2009 service reductions, 97% of all jobs in St. Louis City and St. Louis County could be reached by riding Metro transit.
 - Transit generates growth. To date, \$15 billion in new development has occurred within a ten-minute walk of MetroLink—with additional development slated for Richmond Heights, North Hanley and Central West End.
 - Transit generates money. St. Louis University economists estimate that every dollar invested in Metro transit operations returns \$6 to our local economy.¹⁷
 - ***Pass a long-term transportation bill*** – The federal transportation bill has been extended several times, and its most recent extension is set to expire in February. These short-term extensions make it impossible for state and local authorities to develop long-term transportation plans, which inhibits job growth and wastes taxpayer money. In addition to creating immediate construction and engineering jobs and bolstering economic development, a long-term transportation bill will also spur job growth in the high-tech industry as we deploy advanced technology like intelligent transportation systems.
 - ***Operating Budget flexibility*** – Make permanent the flexibility in the use of federal transit funding for operating expenses. A similar measure last year helped Metro to restore one-third of previously cut service, bringing 250 Metrolink operators, machinists, and support staff back to work, and helping additional workers who rely on public transit to get to their jobs.
 - ***Invest in long-overdue improvements to our locks and dams*** – The American Society of Civil Engineers recently gave a D- for the condition of our nation's river infrastructure.¹⁸ Major improvements to our system of locks and dams will dramatically reduce or eliminate barge traffic delays along the Mississippi river, improving regional economic conditions and protecting the environment. The Army Corps of Engineers has that for every \$1 billion invested in navigation or ecosystem restoration, 30,000 to 35,000 jobs would be created. Congress should fund these improvements, which were authorized in 2007.

¹⁷ Citizens for Modern Transit, <http://www.gettransitstl.com/pdf/fact-sheet.pdf>

¹⁸ Report Card for America's Infrastructure, 2009

MANUFACTURING

The recession, credit crisis and the rapid decline in auto sales over the last two years has served to accelerate a persistent downward trend that has dogged U.S auto manufacturing and its suppliers over the past 50 years.

St. Louis has felt the brunt of this industry-wide decline, with the closure of three of the region's four auto plants – as well as a decrease in production at GM's Wentzville plant. In addition to thousands of jobs lost through the plant closures, at least 15 auto suppliers filed for bankruptcy in the first six months of 2009.

We can – and should – do what we can to encourage growth in the U.S. auto industry. Since the invention of the auto assembly line by Henry Ford, the auto industry has held a pivotal place in the American manufacturing base – and in the American economy.

But we must also recognize that these auto industry jobs are not likely to return in the short term. We should capitalize on the regional assets we have – the facilities themselves, as well as the highly-skilled workers who have been displaced by plant closures -- and work to attract new employers to the St. Louis area and retrain workers for jobs outside of the auto industry.

Efforts Underway

- ***Encouraging growth in the U.S. auto industry*** – The successful “Cash-for-Clunkers” program spurred the sale of approximately 700,000 cars – three times more than originally anticipated. According to an analysis by *Time* Magazine, all auto manufacturers, except for luxury automakers, saw a spike in sales, and as a result, several manufacturers increased production, calling workers back to shifts at auto plants around the country.¹⁹
- ***Retraining displaced workers for the jobs of the future*** – Workers in the St. Louis region are benefiting from two multi-million dollar job-training programs, designed to help displaced St. Louis auto workers find good paying jobs in the new, clean-energy economy. These Recovery Act grants will retrain dislocated auto and related workers in areas such as Hybrid/Electric Auto Technician, Electric Auto/Truck Battery Technician, Electric Motors/Devices Technician, and Commercial Energy Technician, and will establish a “Green Portal” job placement program that will provide career assessment, labor market information, and job search assistance.

Opportunities and Action Items

- ***Creating opportunities at the Fenton Chrysler facility.***
The former Chrysler facility in Fenton presents an ideal location for a new manufacturing enterprise. Work is ongoing to make this facility attractive to potential buyers.
 - Aggressively pursue potential buyers – Closed auto plants elsewhere in the country are now home to distribution facilities, malls, electric car production plants, and other businesses. The challenges to repurposing auto plants are

¹⁹ *Time* Magazine, August 26, 2009.

numerous, and with multiple vacant facilities across the country, competition for new business is steep. We must leave no stone unturned in aggressively pursuing potential employers and working to make the Fenton facility an attractive option.

- Aggressively pursue EDA Grant - The State of Missouri, St. Louis County and the City of Fenton have worked collaboratively to apply for an Economic Development Administration (EDA) grant that would help make the former Chrysler facility suitable for redevelopment. Grant awards are expected early this year.
- ***Make St. Louis an international multi-modal shipping and central distribution hub*** – Business leaders and federal, state and local officials are teaming up in a serious push to persuade Chinese officials to locate a new “China Hub” in St. Louis. The Midwest Chinese Hub Commission has the potential to dramatically increase international trade exports from the region, which will drive production and revitalize the regional economy.
- ***Expand trade opportunities for small manufacturers***
The Administration’s new National Export Initiative is designed to help small businesses tap into international markets. The initiative has three primary components:
 - Education – Aggressive outreach to U.S. companies about opportunities to expand abroad and directly connecting companies with new customers;
 - Credit – Open up new loans through the export-import bank for those small and medium-sized businesses that want to export;
 - Enforcement – U.S. consumers and businesses are being hurt by a “race to the bottom” among foreign imports, with lowering standards resulting in unsafe or toxic products flooding the market, and unfair labor practices taking an enormous human and economic toll. We must rigorously enforce international trade laws to level the playing field and help remove barriers that prevent U.S. companies from getting free and fair access to foreign markets, and enforce Intellectual Property rules to protect American entrepreneurs.

HEALTH CARE

Even as the global economy has struggled, the health and medical field continues to show robust growth. According to the U.S. Department of Labor, 10 of the 20 fastest growing occupations are health care related.²⁰

The St. Louis region is widely recognized as a leader in the field of health care. The health care industry is the largest employer in the region. St. Louis is home to nationally ranked hospitals and health care systems like BJC Healthcare – the largest single employer in the state – St. Louis Children’s Hospital, Cardinal Glennon, and SSM Healthcare. St. Louis University and Washington University have helped make St. Louis a center of medical research and education. And with health care companies like Centene and Express Scripts headquartered here, over 163,000 people in the St. Louis region are employed in the health care and social assistance industry.²¹

Efforts Underway

- ***Major health care employers continue to choose St. Louis*** -- Express Scripts took advantage of incentives to expand their headquarters in St. Louis, and will add 300 or more jobs at a new facility across the street from their existing site.
- ***Recovery Act***
 - Helping community health centers provide needed care with over \$7 million in Recovery grants going to St. Louis-area community health. These funds are helping to employ doctors, nurses, dentists, and other health care professionals, purchase needed equipment, and implement electronic medical records.
 - National report indicates success of health research grants – A report from a group made up of 20 leading U.S. research institutions (including Washington University), patient advocates and the biomedical industry indicates that Recovery grants for biomedical research is helping to fuel industry growth, create or retain 50,000 or more jobs nationally, and reduce long-term health care costs.²²
 - Training nurses for high-tech health care responsibilities – As the region works respond to a nationwide nursing shortage, Maryville University earned a grant to prepare nursing students for new, high-tech responsibilities that are dramatically improving health care.
 - Digital Medical Records grant – The State of Missouri recently won a \$13.7 million Recovery Act grant to help the state adopt and implement state-level health information exchange technology. This transition will require workers with specialized training in Information Technology.

²⁰ Bureau of Labor Statistics: <http://www.bls.gov/oco/cg/cgs035.htm>

²¹ U.S. Census Bureau, 2007.

²² “Recovery and Discovery,” United Medical Research, January 19, 2010.
<http://americanheart.mediaroom.com/index.php?s=43&item=934>

Opportunities and Action Items

▪ *Encouraging ground-breaking research*

St. Louis is at the forefront of groundbreaking research in the life sciences that is saving and improving lives around the world. By creating an environment that encourages scientific and technological advancement, we can continue to position ourselves as a global hub for science and innovation.

- Codify existing policy allowing greater stem cell research – Science has the potential to open the door to unimaginable cures for life-altering diseases; responsible and ethical stem cell research can unlock doors improve and save lives, while building business innovation here in St. Louis. Restrictions on stem cell research were lifted last year by Executive Order; we should codify these new rules by passing legislation that would make it harder for this policy to be reversed by future Administrations.
- Encourage investments in life sciences – The St. Louis region has worked hard to create a climate that encourages continued investments in the area's life science industry. We must continue to foster this environment, and be on guard against state and federal policies that can discourage continued economic development.

▪ *Make strong investments in science and math education*

As a member of the House Committee on Science and Technology, Congressman Carnahan believes we must continue to aggressively pursue major investments in education to ensure St. Louis remains at the forefront of the biomedical fields.

- Reauthorize the America COMPETES Act which strengthens our national economic competitiveness through investments in Science, Technology, Engineering, and Mathematics education.
 - Improve K-12 education to make sure students are receiving the training they need to become the next generation of scientists, engineers and mathematicians. The President's budget proposal would increase discretionary education funding by \$3.5 billion over fiscal year 2010 funding levels, targeting much-needed help towards educating children.
 - Create local partnerships between scientists and educators – We can tap into the existing talent pool of trained individuals in the science and math fields to collaborate with local teachers to foster direct applications of basic science with applied research.
- ### **▪ *Explore growing health care fields***
- St. Louis has the chance to continue being a leader in the health care field by being part of the development of electronic medical records that secure sensitive personal information, reduce dangerous mix-ups so that patients receive better care.*
- Digital Medical Records grant – The State of Missouri recently won a \$13.7 million Recovery Act grant to help the state adopt and implement state-level health information exchange technology. This transition will require workers with specialized training in Information Technology.

- ***Pass health care reform*** – Making sure that all Americans have access to quality, affordable health coverage will alleviate the strain felt by hospitals, where uninsured patients are often forced to turn to receive care. Uncompensated care cost hospitals over \$36 billion in 2008.²³

²³ American Hospital Association, November 2009.

SCIENCE AND INNOVATION

Scientific advancements and technological innovation are key contributors to America's economic growth. Since World War II, about half of the growth in the U.S.'s GDP has come from the development and adoption of new technologies. Combined with a manufacturing base ready to be reawakened, there are encouraging signs that St. Louis is poised to leverage its current position as a center of scientific research and innovation – particularly in the plant and life sciences – into sustained economic growth and high-quality jobs.

“St. Louis has made more progress in its implementation of the plant and medical sciences strategy than any region of the country, and is well on the road to becoming the leading center for plant sciences and a major center for the life sciences.”

*Dr. Walter H. Plosila
Vice President, Technology Partnership Practice
Battelle Memorial Institute*

Some examples of the cutting-edge work being done in this field:

- Nearly 400 plant and life science enterprises call the St. Louis region home, with about 15,000 employees.²⁴ Companies and non-profit organizations like the Nidus Center, Cortex, the Center for Emerging Technologies (CET), Monsanto and the Missouri Botanical Gardens have made St. Louis a leader in plant and life science research and business.
- St. Louis is home to a host of leading research universities; Washington University, in particular, routinely ranks among the top 4 schools in funding for research from the National Institutes of Health (NIH).²⁵
- The Danforth Plant Science Center and the Enterprise Rent-a-Center Institute for Renewable Fuels have made St. Louis a hub for sustainable energy solutions.

Efforts Underway

▪ Recovery Act

The Recovery Act is helping to make key investments in the St. Louis region, resulting in short-term jobs for the region, long-term economic development, and scientific advancements that can have global benefits. For instance:

- Grants establish St. Louis as plant science biofuels hub - The Donald Danforth Plant Science Center recently won a \$44 million Energy Department grant to help bring to market algae-based and other advanced biofuels. The grant firmly establishes the St. Louis region and the state of Missouri as the center of biofuels innovations that will help strengthen the economy and reduce our dependence on foreign oil. *Algal biofuels generate more jobs than any other sector of sustainable energy, and have the potential to yield thousands of jobs.*²⁶
- Job training grants to help workers prepare for innovation economy – Two multi-million dollar job-training programs were recently awarded to the St. Louis region,

²⁴ St. Louis RCGA, <http://www.stlrcga.org/x1734.xml>

²⁵ St. Louis RCGA, <http://www.stlrcga.org/x513.xml>

²⁶ Danforth Plant and Science Center press release, <http://www.danforthcenter.org/NEWSMEDIA/NewsDetail.asp?nid=188>

helping displaced St. Louis auto workers find good paying jobs in the clean-energy economy.

▪ ***Investing in Education***

Investments in math and science education are helping to ensure that children in the St. Louis region have the skills to lead the innovation economy of the future.

- The America COMPETES Act helps to close the achievement gap and ensure students from all backgrounds can excel and achieve higher standards.
- Scholarship and teacher training programs like the National Science Foundation's Noyce Teacher Scholarship Program and the Math and Science Partnerships programs are preparing thousands of new teachers and provide current teachers with content and teaching skills within their area of education.

Opportunities and Action Items

▪ ***Expanding markets for new technology***

Science incubators like the Nidus Center and CET are helping St. Louis innovators turn their ideas into products. We can help this process by expanding the markets in which these products can be sold:

- Increasing international trade opportunities – The Administration's new National Export Initiative is designed to double exports over the next five years, a step that will yield 2 million new jobs nationwide.
- Creating new markets at home – We can encourage demand for new technological advancements – particularly in the area of clean energy by leveraging the purchasing power of government procurement standards and by incentivizing the use of alternative fuels and high-performance building technology.

▪ ***Encouraging ground-breaking research***

St. Louis is at the forefront of groundbreaking research in the life and plant sciences that is saving and improving lives around the world. By creating an environment that encourages scientific and technological advancement, we can continue to position ourselves as a global hub for science and innovation.

- Codify existing policy allowing greater stem cell research – Science has the potential to open the door to unimaginable cures for life-altering diseases; responsible and ethical stem cell research can unlock doors improve and save lives, while building business innovation here in St. Louis. Restrictions on stem cell research were lifted last year by Executive Order; we should codify these new rules by passing legislation that would make it harder for this policy to be reversed by future Administrations.
- Attract businesses that put our skilled workforce and top-notch facilities to use. The RCGA-sponsored Bio-Sciences Talent Task Force is convening to explore ways to support bioscience entrepreneurs, grow existing life and plant science business and attract bioscience firms to the region.

- Encourage investments in life sciences – The St. Louis region has worked hard to create a climate that encourages continued investments in the area's life science industry. We must continue to foster this environment, and be on guard against state and federal policies that can discourage continued economic development.

- ***Expand trade opportunities for small businesses***
The Administration's new National Export Initiative is designed to help small businesses tap into international markets. The initiative has three primary components:
 - Education – Aggressive outreach to U.S. companies about opportunities to expand abroad and directly connecting companies with new customers;
 - Credit – Open up new loans through the export-import bank for those small and medium-sized businesses that want to export;
 - Enforcement – U.S. consumers and businesses are being hurt by a “race to the bottom” among foreign imports, with lowering standards resulting in unsafe or toxic products flooding the market, and unfair labor practices taking an enormous human and economic toll. We must rigorously enforce international trade laws to level the playing field and help remove barriers that prevent U.S. companies from getting free and fair access to foreign markets, and enforce Intellectual Property rules to protect American entrepreneurs.

- ***Make strong investments in science and math education***
As a member of the House Committee on Science and Technology, Congressman Carnahan believes we must continue to aggressively pursue major investments in education to ensure the U.S. take a leading role in science and innovation.
 - Reauthorize the America COMPETES Act which strengthens our national economic competitiveness through investments in Science, Technology, Engineering, and Mathematics education.
 - Improve K-12 education to make sure students are receiving the training they need to become the next generation of scientists, engineers and mathematicians. The President's budget proposal would increase discretionary education funding by \$3.5 billion, targeting much-needed help towards educating children.
 - Create local partnerships between scientists and educators – We can tap into the existing talent pool of trained individuals in the science and math fields to collaborate with local teachers to foster direct applications of basic science with applied research.
 - Support partnerships that target high-need schools – Create grants that help high-need schools partner with universities and non-profit groups to improve science and math education.

CLEAN ENERGY

Reducing our reliance on foreign oil isn't just about improving the air we breathe and the water we drink for future generations – it's also about improving our national security and competing in the global economy. China, Germany, India and other nations are not waiting to act. China is now the leading producer of solar photovoltaic cells - even though the technology was invented and perfected here in the United States.

The clean energy future is now. We must make the decision to rise to this challenge and place our nation – and our region – at the forefront of research, development and deployment of energy technology that is cleaner, smarter, more efficient and more sustainable.

With institutions like the Danforth Plant Science Center and the Enterprise Rent-a-Center Institute for Renewable Fuels, and numerous entrepreneurs who are spearheading technological and scientific advancements, the St. Louis region is well-positioned to take a leading role in the clean-energy economy. Additionally, businesses small and large are looking for ways to build and retrofit their equipment, buildings, and operations to capitalize on the overhead savings possible through more efficient energy consumption.

Efforts Underway

▪ *Recovery Act*

The Recovery Act is putting people to work and helping families and businesses save money by encouraging energy efficiency and investing in clean-energy research and development.

- Weatherization assistance -- An estimated 21,000 families across Missouri will save money on heating and cooling their homes thanks to weatherization assistance. The project means about 220 new jobs in St. Louis and across the state.²⁷
- Grants establish St. Louis as plant science biofuels hub - The Donald Danforth Plant Science Center recently won a \$44 million Energy Department grant to help bring to market algae-based and other advanced biofuels. The grant firmly establishes the St. Louis region and the state of Missouri as the center of biofuels innovations that will help strengthen the economy and reduce our dependence on foreign oil. *Algal biofuels generate more jobs than any other sector of sustainable energy, and have the potential to yield thousands of jobs.*
- Job training grants to help workers prepare for innovation economy – Two multi-million dollar job-training programs were recently awarded to the St. Louis region, helping displaced St. Louis auto workers find good paying jobs in the clean-energy economy.
- Creating jobs and energy efficiency – St. Louis City, St. Louis County and Jefferson County are using \$14 million in block grants to increase energy

²⁷ Missouri Department of Natural Resources Press Release, January 8, 2010.
<http://www.dnr.mo.gov/newsrel/nr10-007.htm>

efficiency, create jobs and achieve sustainable, long-term savings. In St. Louis City, this effort will result in 184 direct and 787 indirect jobs created or retained.

- **Energy Audit Program** – Missouri Industrial Assessment Centers – funded by the U.S. Department of Energy - offer energy audits and productivity assessments to qualified small- to medium-sized manufacturing companies to help reduce their energy costs. Companies who perform an audit see an average energy savings of \$55,000 annually²⁸ -- savings which can be used to make business investments and hire additional employees.
- **RCGA Climate Prosperity Project** – St. Louis is one of seven regions selected by the Rockefeller Fund to participate in a national initiative advancing the idea that innovation, efficiency, conservation in the use and reuse of resources can increase jobs, incomes, productivity and competitiveness of a region. The mission of the St. Louis Climate Prosperity Project is to help lead the St. Louis region toward a "Green Belt" economy that fosters green savings, green opportunities, and green talent.
 - The St. Louis High Performance Building Initiative, a program under the Climate Prosperity Project with the mission to green every building in St. Louis, launched late last year with a seminar on the national outlook and the local impact on high performance buildings. Congressman Carnahan, co-chair of the Congressional High Performance Building Caucus, delivered the keynote address.

Opportunities and Action Items

- **Extension of home energy-efficiency tax-credits** -- By providing rebates to consumers on qualifying energy efficiency renovations, we can help families save money on energy costs while putting contractors back to work.
- **Industrial manufacturing Energy Efficiency Renovations** -- Providing grants for energy efficiency renovations for manufacturing plants will put people to work retrofitting these facilities, decrease energy costs to free up extra capital and reduce harmful pollutants that can threaten the health and safety of families in the St. Louis region and beyond.
- **Harnessing the power of the Mississippi** – Testing has been approved to determine the feasibility of underwater turbines along the Mississippi River. This new technology could potentially yield enough energy to power millions of homes.
- **Encourage the use of Energy Service Company (ESCO) Contracts** – By conducting a comprehensive energy audit for the facility and identifying energy savings, ESCO guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. At a time when credit markets are not as liquid as we would like, this is a viable financing alternative to make capital improvements.
- **Tax Incentives to encourage commercial building energy efficiency** -- Buildings account for nearly 40 percent of carbon emissions and consume 70 percent of all

²⁸ Missouri Small Business and Technology Development Centers,
<http://www.missouribusiness.net/ew/EnergyAuditWorkshop.pdf>

electricity generated in this country.²⁹ We can increase the efficiency of commercial buildings by increasing the existing energy efficiency tax deduction from the current \$1.80 per square foot to \$3.00 per square foot.

- ***Pass legislation that Positions the U.S. as the World's Clean-Energy Leader.*** Nations around the world are emerging as leaders in clean-energy production creating jobs in their respective countries because of the growing demand of these technologies. Clean energy technology can and must be made in America. The Clean Energy and Security Act – which was passed by the House of Representatives in June, 2009 – would create millions of jobs that cannot be shipped overseas, making America the global innovation leader; it would increase our national security by reducing our dependence on foreign oil; and it would preserve our planet by reducing the pollution that causes global warming.

²⁹ U.S. Green Buildings Council, <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=1718>

MILITARY AND DEFENSE TECHNOLOGY

With Scott Air Force Base to the east, Boeing to the west, and Jefferson Barracks to the south, St. Louis has strong ties to the past, present and future of our nation's military and defense industries. Over 50,000 enlisted men and women – including those in the Reserve and National Guard – call Missouri home, and the St. Louis region boasts thousands of small and large defense contractors.

In 2006, recognizing the critical role that the Jefferson Barracks complex plays in the south St. Louis community and economy, Congressman Carnahan organized the Jefferson Barracks Community Council. Once a month, Council members – which include members of the military and regional economic organizations such as the South County Chamber of Commerce – meet to track progress on efforts to promote the Jefferson Barracks complex.

Efforts Underway

- ***Construction of the Joint Armed Forces Reserve Center*** – This new facility, being constructed within the Jefferson Barracks complex, is nearing completion. It will house operations for the Missouri National Guard and US Army Reserve, and includes a three-story, 133,000 square-foot administration building and a one-story, 7,500 square-foot maintenance building.
- ***Jefferson Barracks Master Plan*** – In January, a new master plan that seeks to maximize economic development underway in the Lemay area and positions Jefferson Barracks as a regional and national tourist destination was unveiled. Organizers are exploring public-private partnerships for funding of the \$68 million plan, which would have a dramatic impact on the region's economy, yielding:
 - 500 jobs and \$100 million in direct and indirect construction spending in the next five years;
 - 300 jobs and \$16 million in annual expenditures following completion of projects in the first phase, by 2015;
 - 60 new jobs and \$6 million in annual spending from up to 250,000 visitors to the site; and
 - Near-term support for between 40,000 and 60,000 square feet of commercial space in surrounding communities.³⁰

Opportunities and Action Items

- ***Invest in critically needed defense technology and manufacturing***, such as Boeing's C-17 cargo planes. The C-17 plays a critical role in moving supplies and troops into conflict zones and – as seen recently in the aftermath of the Haiti earthquake – to help with relief efforts, and its manufacture employs approximately 900 people in the St. Louis area. Congressman Carnahan will continue to work with a bipartisan coalition of Members to prevent this program from being cut.
- ***Facilitate military technology trade among allies*** – As the world's top manufacturer of commercial jetliners and military aircraft combined, Boeing is a leading supplier for military equipment and technology internationally. As a member of the House Committee on Foreign Affairs, Congressman Carnahan will continue to

³⁰St. Louis Beacon, January 25, 2010

work to expedite sales of U.S. military equipment to allied nations as a mechanism to boost production demand at home, and increase our national security around the globe.

- ***Enforce level playing field for American defense contractors*** – In the near future, the Air Force will award a \$35 billion contract to produce the next generation of aerial refueling tankers. Boeing is in competition for this contract with Northrop Grumman, which has received over \$5 billion in illegal subsidies from the European Aeronautic Defense and Space Company. Boeing must have a chance to compete on a level playing field.

AGRICULTURE

Because of our climate and abundant water resources, the Midwest is home to some of the most fertile and hospitable land for farming. And with our central location and close proximity to transportation via rail, barge, and interstate, we are well positioned to expand regional, national and international opportunities for our region's agricultural producers – whether they are supplying products that feed, or fuel, the world.

Missouri's agricultural heritage is evident in the presence of key commodity groups in the St. Louis region, including the National Corn Growers Association, the American Soybean Association, the United Soybean Board and the US Soybean Export Council. And the St. Louis region has experienced steady growth in specialty crops. For instance, Missouri is home to over 1,350 bearing acres that produce 894,391 gallons of wine per year, at an value estimated at \$31 million. The number of wineries has increased steadily in recent years, from 47 wineries in 2003 to 72 wineries in 2007.³¹

Efforts Underway

- ***Growing demand for locally-grown produce*** – The greater St. Louis region is beginning to see a growth in the number of small farming enterprises that cater to a growing demand for locally-grown and produced food. In fact, a survey of select locations in St. Louis and elsewhere in Missouri indicates that demand and sales of locally grown food products in restaurants and grocery stores has increased by 20 percent.³²
- ***Investments in biofuels help support farming*** - Advances in technologies for making “biofuels” like ethanol and biodiesel open up new markets for farming commodities, which can bring in extra farm income, help revitalize rural communities, and reduce our reliance on foreign oil. Missouri's two top farming commodities – soy and corn – are primary sources for biofuels; Missouri is the 6th largest exporter of soy products, exporting nearly \$1.3 billion in 2008.³³

Opportunities and Action Items

- ***Expand international trade opportunities*** - Agricultural exports are a critical component to the Missouri economy. Agricultural exports help boost farm prices and income, while supporting about 37,065 jobs both on the farm and off the farm in food processing, storage, and transportation.³⁴

Missouri ranks in the top-10 among states in exports of cotton, cottonseed, feeds and fodders, and rice.³⁵ World demand for these products is increasing, but so is competition among suppliers. If Missouri's farmers, ranchers, and food processors

³¹ “U.S. Wine Industry-2008,” U.S. Department of Commerce, <http://www.trade.gov/td/ocg/wine2008.pdf>

³² University of Missouri, Office of Social and Economic Data Analysis, August 2009.

³³ USDA, <http://www.ers.usda.gov/stateFacts/MO.htm#TCEC>

³⁴ “Trade and Agriculture: What’s at stake for Missouri?” USDA, September 2009.
<http://ffas.usda.gov/info/factsheets/wto/states/mo.pdf>

³⁵ *ibid*

are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

- The Midwest China Hub Commission is working to persuade Chinese officials to locate a new “China Hub” in St. Louis. This has the potential to dramatically increase agricultural trade opportunities for the region. For example, when China joined the WTO, U.S. exports of soybeans to that country jumped by over six-fold from 1999 to 2004, surpassing \$2.4 billion in 2009.³⁶
- ***Support local markets for small farmers*** - By creating local markets for local farmers to sell their products, we can create a sustainable income source that makes small-scale farming a realistic career choice.
 - Farmers Markets are providing high quality food to St. Louis families and a source of income to the region’s farming families. For instance, the Sappington Farmers Market, an established South County icon for 20 years – was purchased in 2008 by a group dedicated to creating a link between Missouri producers and St. Louis consumers. Today, the Sappington Farmers Market stocks its shelves with sustainably produced local meats, dairy, cheeses and produce, helping keep local producers in business.
 - Food to Classroom – By working with local farmers’ markets and small farming enterprises, we can help make sure locally-grown produce is offered in our school cafeterias. This will improve the health and nutritional options available to children, create an income source for growers and farmers’ markets, and help children understand the connection between the food they eat and the larger community in which they live.
- ***Continue to invest in biofuel research and development*** – Advances in technologies for making “biofuels” like ethanol, biodiesel and algal biofuels open up new markets for farming commodities, which can bring in extra farm income, help revitalize rural communities, and reduce our reliance on foreign oil.

³⁶ *ibid*

EDUCATION

A strong educational system is critical to economic progress. At a recent House Education panel hearing, witnesses testified that problems with education represent one of the greatest threats to the nation's economic growth and prosperity:

- A recent report about the economic impact of the achievement gap indicated that if minority student performance had reached white students by 1998, the GDP in 2009 would have been between \$310 billion and \$525 billion higher – or approximately 2 to 4 percent of GDP.³⁷
- Cutting the dropout rate in half would yield \$45 billion annually in new federal tax revenues or cost savings.³⁸

Despite the presence of some of the nation's finest public and private educational institutions, there is still a divide between those with access to adequate education and those who face barriers. While the state takeover of the St. Louis school system has yielded some positive progress, more work remains to be done. Low test scores, high dropout rates and serious inequities trouble the St. Louis city schools, threatening the economic progress of the entire region. And across the region, school districts are struggling to meet the standards set by No Child Left Behind without the funding needed to reach their goals.

In a global economy, where our children will compete with students from Tokyo and Delhi as much as they do with students from Chicago and New York, improving education is a critical ingredient to the region's long-term prosperity.

Efforts Underway

- ***Recovery Act***
 - Keeping teachers in the classroom – Recovery Act education funding supported over 300,000 education jobs for teachers, principals, librarians, and counselors – including 8,500 in Missouri³⁹ – and helped school districts make much needed facility and technology improvements.
 - Expanding broadband into underserved communities will help spur investments in technology and infrastructure, create jobs and provide long-term economic benefits.
- ***Race to the Top*** - In January, Missouri submitted an application to the Department of Education with support from Congressman Carnahan for Race to the Top grant funding. Grants will be awarded to states with ambitious yet achievable plans for implementing coherent, compelling, and comprehensive education reform.

³⁷ “The Economic Impact of the Achievement Gap in America’s Schools,” McKinsey & Company, April 2009.

³⁸ The Costs and Benefits of an Excellent Education for All of America’s Children,” Columbia University’s Center for Benefit-Cost Studies of Education at Teachers College, January 2007.

³⁹ Associated Press, October 13, 2009.

Opportunities and Action Items

- ***Increase investment in early education*** – Early education programs like Head Start promote school readiness by enhancing the social and cognitive development of children through educational, health, nutritional, social and other services. Over 20,000 Missouri children were enrolled in Head Start in 2008;⁴⁰
- ***Support creative and effective educational programs*** - Support for programs like Teach for America will not only provide educational services for underserved children, it will also help new college graduates find employment in a challenging job market.
- ***Increase education funding*** – The President’s budget proposal includes significant increases in education spending, the most significant annual increase since 2003⁴¹. Specifically, the President’s budget increases the Department of Education’s budget by \$3 billion for K – 12 and also calls for an additional \$1.35 million in funding for the Race to the Top program to expand the competition.
- ***Make college more affordable*** – Last year, the House of Representatives passed the Student Aid and Fiscal Responsibility Act which cuts waste in the student lending process and directs those savings into increasing federal Pell Grant scholarships to help more families afford college tuition. The Senate should act quickly to pass this legislation.

⁴⁰ Missouri Head Start Association.

⁴¹ *Washington Post*, January 28, 2010

HOUSING AND REAL ESTATE

The foreclosure rate in the United States has been increasing since the middle of 2006, thanks to unregulated mortgage originators who were given financial incentives to sell risky unaffordable subprime mortgages to vulnerable buyers. In Missouri, subprime mortgages in delinquency have increased from 19,800 in the second quarter of 2006 to 26,300 in the second quarter of 2008.

Declining home prices mean many families owe more than their homes are currently worth. Additionally, as families across Missouri weather the down economy the rate of foreclosure has increased bringing down neighboring home values and declining property taxes. It is estimated that the foreclosure crisis will cost Missouri \$658 million over 2008 and 2009 and Missouri home prices will fall 1.5 percent between 2007 and 2009, resulting in a net loss of \$6.04 billion in housing wealth.⁴²

We must stabilize the housing market and encourage responsible lending that allows Americans to realize the dream of owning their own home.

Efforts Underway

- ***Making Home Affordable Program*** - The U.S. Department of Treasury is helping Americans refinance existing mortgages or modify mortgages through the Home Affordability Program.
- ***Homebuyer Tax Credit*** - A first time homebuyer tax credit of \$8,000 was included in the Recovery Act and extended through April 20, 2010. This tax credit has helped spur the housing market, where home values are showing signs of stabilization.
- ***Missouri Historic Home Tax Credit*** – A recent study indicates that Missouri's state tax credit for rehabilitating historic homes has helped create 28,000 jobs and helps generate over \$1 billion of economic activity each year.⁴³

Opportunities and Action Items

- ***Create Financial Consumer Protections*** – As we rebuild our economy, we must ensure that big banks and financial speculators can't jeopardize our recovery and hurt hard-working families and small businesses. We need strong, practical rules to make sure that Wall Street doesn't go right back to engaging in the kinds of irresponsible practices that put our entire economy in jeopardy. Just like we have rules that keep companies from selling us toasters that burn down our houses, we need common sense rules to keep big banks from selling mortgages and loans that will destroy our homes and credit ratings.
- ***Promote High Performance Buildings*** – By encouraging the construction of high performance buildings, we can save money by improving operating and energy costs and boosting employee productivity and job satisfaction.⁴⁴ In the United States alone, buildings account for: 72% of electricity consumption, 39% of energy use, 38%

⁴² Joint Economic Committee

⁴³ "Economic Impacts of Historic Preservation in Missouri," Center for Urban Policy Research, Rutgers University, 2002.

⁴⁴ *ibid*

of all carbon dioxide (CO₂) emissions, 40% of raw materials use, 30% of waste output (136 million tons annually), and 14% of potable water consumption.⁴⁵

- ***Federal Historic Home Tax Credit*** – Using the successful Missouri historic tax credit as a model, Congressman Carnahan has authored legislation that would put tens of thousands of architects, carpenters and other laborers back to work while helping homeowners preserve their communities' cultural and architectural heritage.

⁴⁵ USGBC

JOB TRAINING

As we continue to work to create new jobs, we must also make sure that our workforce is prepared for those jobs. Job training – and in many instances, retraining for displaced workers – is a critical element to making sure that our region can compete in the global economy.

Efforts Underway

- ***Retraining displaced workers for the jobs of the future*** – Workers in the St. Louis region are benefiting from two multi-million dollar job-training programs, designed to help displaced St. Louis auto workers find good paying jobs in the new, clean-energy economy. These Recovery Act grants will retrain dislocated auto and related workers in areas such as Hybrid/Electric Auto Technician, Electric Auto/Truck Battery Technician, Electric Motors/Devices Technician, and Commercial Energy Technician, and will establish a "Green Portal" job placement program that will provide career assessment, labor market information, and job search assistance.

Opportunities and Action Items

- ***The Capitalizing Workforce Development Act*** – cosponsored by Congressman Carnahan - authorizes a five-year grant program to expand workforce development opportunities and training to people with barriers to employment. It is a unique program because it does not create new programs nor fund yearly programmatic costs, but instead simply provides capital funding to existing social services providers to build, renovate, and /or purchase real property in order to promote workforce training and development. This is a fiscally responsible way for the federal government to meet the needs of dislocated workers and those with barriers to employment.